

WE CLAIM:

1. A method for using one or more computers to electronically clear and cash a check submitted to an on-line merchant from an on-line consumer by electronic means comprising the steps of:

5 accepting an input of check information submitted by consumer;

verifying the accuracy of the check information;

presenting the check information for clearing through the Federal Reserve's Automated Clearing House;

10 debiting the consumers checking account from which the check was drawn in an amount indicated in the check information; and

crediting the merchant's account in the amount indicated in the check information.

2. The method of claim 1 further comprising the step of evaluating the consumer's check-writing history by accessing a database of bad-check writers.

3. The method of claim 1 wherein the consumer submits the check information to the merchant over the Internet.

4. The method of claim 1 further comprising the step of verifying the check information to ensure that the bank routing number submitted by the consumer is valid and correct.

5. The method of claim 4 wherein the routing number is verified by determining whether the routing number satisfies the check digit algorithms.

6. The method of claim 4 further comprising the step of comparing the routing number to a database to determine if the paper routing number provided by the consumer matches the electronic routing number needed to process the on-line transaction.

The method of claim 6 wherein if the routing number provided by the consumer is a correct paper routing number, but not a correct electronic routing number,

an additional step of modifying the check information to substitute the correct electronic routing number for the paper routing number provided by the consumer is performed.

8. The method of claim 1 comprising the further step of crediting the merchant's account by the amount indicated in the check information minus one or more processing fees.
9. The method of claim 8 wherein one of the processing fees comprises a percentage of the value of the amount indicated in the check information.
10. The method of claim 8 wherein one of the processing fees comprises a fixed fee for processing the transaction.
11. The method of claim 8 wherein one of the processing fees comprises an administrative fee.
12. The method of claim 1 wherein if the check is returned by the Automated Clearing House, an additional processing step is conducted comprising determining the reason why the check was returned.
13. The method of claim 12 wherein if the reason for the return is that the account is closed, that a stop payment order was made, or that fraud is present, additional processing steps are performed comprising:
  - notifying the merchant of the returned check; and
  - debiting the merchants account by the amount indicated in the check information.
14. The method of claim 13 further comprising the step of refunding to the merchants account one or more of the processing fees paid by the merchant.
15. The method of claim 12 wherein if the reason for the return is that the consumers checking account has insufficient funds or uncollected funds,

additional processing is performed comprising:

presenting the check information to the Automated Clearing House for a second

presentment; and

notifying the merchant that the check was returned when it was first presented.

16. The method of claim 15 wherein check information is presented to the Automated Clearing House for a second presentment within twenty-four hours after the check has been returned.

17. The method of claim 15 wherein if the second presentment clears the consumer's account, additional processing is performed comprising charging a collection fee to the consumer's account via the Automated Clearing House and crediting the merchant's account with the amount indicated in the check information.

18. The method of claim 15 wherein if the check is returned by the Automated Clearing House after the second presentment, additional processing is conducted comprising the steps of :

determining why the check was returned;

notifying the merchant that the check was returned after the second presentment; and

debiting the merchant's account by the amount indicated in the check

information.

19. The method of claim 18 further comprising the step of refunding to the merchant's account one or more processing fees paid by the merchant.

20. The method of claim 18 wherein if the reason for the second return is that the consumer's checking account has insufficient funds or uncollected funds, additional processing is performed comprising:

during a predetermined time period, attempting to verify whether the

consumer's

account has funds available; and

presenting the check information to the Automated Clearing House for a third presentment either when the predetermined time period has expired or when the consumer's account has funds available, whichever occurs first.

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21. The method of claim 20 wherein the predetermined time period is between about thirty and sixty days.

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22. The method of claim 20 wherein a human attempts to verify whether the consumer's account has funds available by placing telephone calls to the bank holding the customer's account.

23. The method of claim 20 wherein if the third presentment clears the consumer's account, additional processing is performed comprising charging a collection fee to the consumer's account via the Automated Clearing House and the crediting merchant's account with the amount indicated in the check information.

24. The method of claim 20 wherein if the check is returned by the Automated Clearing House after the third presentment, additional processing is conducted comprising the steps of:

notifying the merchant that the check was returned after the third presentment; and

debiting the merchant's account by the amount indicated in the check information.

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25. The method of claim 24 further comprising the step of refunding to the merchant's account one or more processing fees paid by the merchant.

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26. An apparatus comprising one or more computers capable of executing one or more programs to electronically clear and cash a check submitted to an on-line

merchant from an on-line consumer by electronic means by carrying out the following steps:

accepting an input of check information submitted by a consumer;

verifying the accuracy of the check information;

presenting the check information for clearing through the Federal Reserve's Automated Clearing House;

debiting the consumer's checking account from which the check was drawn in an amount indicated in the check information;

crediting the merchant's account in the amount indicated in the check information.

27. The apparatus of claim 26 wherein the procedure carried out by the apparatus further comprises evaluating the consumer's check-writing history by accessing a database of bad-check writers.

28. The apparatus of claim 26 wherein the procedure carried out by the apparatus further comprises verifying the check information to ensure that the bank routing number submitted by the consumer is valid and correct.

29. The apparatus of claim 28 wherein the procedure carried out by the apparatus further comprises the step that if the routing number provided by the consumer is a correct paper routing number, but not a correct electronic routing number, the check information is modified to substitute the correct electronic routing number for the paper routing number provided by the consumer.

30. The apparatus of claim 26 wherein the procedure carried out by the apparatus further comprises the step that if the check is returned by the Automated Clearing House, additional processing is conducted to determine the reason why the check was returned.

31. The apparatus of claim 30 wherein if the reason for the return is that the account is closed, that a stop payment order was made, or that fraud is present, the apparatus performs additional processing comprising:

notifying the merchant of the returned check; and  
debiting the merchant's account by the amount indicated in the check  
information.

32. The apparatus of claim 30 which performs the further step comprising refunding  
to the merchant's account one or more processing fees paid by the merchant.

33. The apparatus of claim 30 wherein if the reason for the return is that the  
consumers checking account has insufficient funds or uncollected funds, the  
apparatus forms additional processing comprising:

presenting the check information to the Automated Clearing House for a  
second

presentment; and

notifying the merchant that the check was returned when it was first  
presented.

34. The apparatus of 30 wherein check information is presented to the Automated  
Clearing House for the second presentment within twenty-four hours after the  
check has been returned.

35. The apparatus of claim 33 wherein if the second presentment clears the  
consumers account, the apparatus charges a collection fee to the consumer's  
account via the Automated Clearing House and the merchant's account is  
credited with the amount indicated in the check information.

36. The apparatus of claim 33 wherein if the check is returned by the Automated  
Clearing House after the second presentment, the apparatus performs additional  
processing comprising the steps of :

determining why the check was returned;

notifying the merchant that the check was returned after the second  
presentment; and

debiting the merchant's account by the amount indicated in the check  
information.

sub a7 37. The apparatus of claim 36 with performs the further step comprising refunding to the merchant's account one or more processing fees paid by the merchant.

5 38. The apparatus of claim 36 wherein if the reason for the second return is that the consumers checking account has insufficient funds or uncollected funds, the apparatus performs additional processing comprising:  
during a predetermined time period, attempting to verify whether the consumer's account has funds available; and  
10 presenting the check information to the Automated Clearing House for a third presentment either when the predetermined time period has expired or when the consumer's account has funds available, whichever occurs first.

sub a8 39. The apparatus of claim 38 wherein the predetermined time period is between about thirty and sixty days.

40. The apparatus of claim 38 wherein if the third presentment clears the consumer's account, a collection fee to the consumer's account via the Automated Clearing House and credits the merchant's account with the amount indicated in the check information.

41. The apparatus of claim 38 wherein if the check is returned by the Automated Clearing House after the third presentment, the apparatus performs additional processing is conducted comprising the steps of:  
notifying the merchant that the check was returned after the third presentment;  
25 and  
debiting the merchant's account by the amount indicated in the check information.

30 42. The apparatus of claim 38 wherein the on-line merchant can access the one or more computers to obtain information regarding the status of one or more checks which the merchant has submitted.

sub a9 43. The apparatus of claim 42 wherein the merchant can determine whether or not a

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processing fee has been charged and the dollar amount of any such charge.

44. The apparatus of claim 42 wherein the merchant can obtain a history of the processing of a check submitted to the on-line check cashing system.

45. An article of manufacture comprising a computer program carrier readable by a computer and embodying one or more instructions executable by the computer to perform method steps for electronically clearing and cashing a check submitted to an on-line merchant from an on-line consumer by electronic means, the method comprising the steps of:

accepting the input of check information submitted by a consumer;  
verifying the accuracy of the check information;  
presenting the check information for clearing through the Federal Reserves' Automated Clearing House;  
debiting the consumer's checking account from which the check was drawn in an amount indicated in the check information; and  
crediting the merchant's account in the amount indicated in the check information

46. The article of manufacture of claim 45 wherein the method further comprises the step of evaluating the consumer's check writing history by accessing a database of bad check writers.

47. The article of manufacture of claim 46 wherein the method further comprises the step of verifying the check information to ensure that the bank routing number submitted by the consumer is valid and correct.

48. The article of manufacture of claim 47 wherein if the routing number provided by the consumer is a correct paper routing number, but not a correct electronic routing number, an additional step of modifying the check information to substitute the correct electronic routing number for the paper routing number provided by the consumer is performed.

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49.

The article of manufacture of claim 45 wherein if the check is returned by the Automated Clearinghouse, additional processing is conducted comprising the step of determining the reason why the check was returned.

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50.

The article of manufacture of claim 49 wherein if the reason for the return is that the account is closed, that a stop-payment order was made, or that fraud is present, an additional processing step is conducted comprising:

notifying the merchant of the returned check; and

debiting the merchants account by the amount indicated in the check

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information.

51.

The article of manufacture of claim 49 wherein if the reason for the return is that the consumer's checking account has insufficient funds or uncollected funds, an additional processing step is performed comprising:

presenting the check information to the Automated Clearing House for a Second Presentment and;

notifying the merchant that the check was returned when it was First Presented.

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52.

The article of manufacture of claim 51 wherein if the Second Presentment clears the consumers account, a collection fee is charged to the consumers account via the Automated Clearing House and the merchants account is credited with the amount indicated in the check information.

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53.

The article of manufacture of claim 51 wherein if the check is returned by the Automated Clearing House after a Second Presentment, additional processing steps are conducted comprising the steps of:

determining why the check was returned;

notifying the merchant that the check was returned after the Second

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Presentment; and debiting the merchants account by the amount indicated in the check information.

54.

The article of manufacture of claim 53 where if the reason for the Second

Return is that the consumer's checking account has insufficient funds for uncollected funds, additional processing is performed comprising:

during a predetermined time period, attempting to verify whether the consumer's account has funds available; and

presenting the check information to the Automated Clearing House for a Third Presentment either when the predetermined time period has expired or when the consumer's account has funds available, whichever occurs first.

55. The article of manufacture of claim 54 wherein if the Third Presentment clears the consumer's account, a collection fee is charged to the consumer's account via the Automated Clearing House and the merchant's account is credited with the amount indicated in the check information.

56. The method of 54 wherein if the check is returned by the Automated Clearing House after the Third Presentment, additional processing steps are conducted comprising the steps of:

notifying the merchant that the check was returned after the Third Presentment; and

debiting the merchant's account by the amount indicated in the check information.